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SIPDIS

SENSITIVE
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DEPT FOR WHA/AND, WHA/EPSC, EB/CIP - TCARNEGIE/WAYALA
COMMERCE FOR 4331/MAC/WH/MCAMERON
COMMERCE FOR OFFICE OF TECHNOLOGY/KFERGUESON
USTR FOR KSCHAGRIN/JMCHALE
FCC INTERNATIONAL BUREAU FOR ETALAGA
AID FOR BRENDA FISHER/NOREEN JANUS

E.O. 12958: N/A
TAGS: ECPS ETRD EINV ECON PE
SUBJECT: PROMOTING DIGITAL FREEDOM INITIATIVE PRIORITIES

REF: A) 05 LIMA 4849  B) 05 LIMA 3233
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¶1. (SBU) Summary. Post has coordinated closely with the
GOP and the private sector to advance the Digital Freedom
Initiative (DFI) in Peru during the past year. In December,
we established a DFI Working Group of nine officials,
including two from the Embassy, two from the GOP and the
General Managers of Intel, Cisco, Motorola, Voxiva and
Hewlett Packard. The Group has begun the process of clearly
defining the DFI priorities for 2006-2007, including
supporting a Ministry of Communications program to promote
the spread of the internet to more than 1,000 rural
locations. The group established five subgroups to
coordinate programs on software, hardware, business models,
telecommunications and e-government, and will review
development and regulation issues with the GOP. End
Summary.

DFI Roll Out

¶2. (SBU) Since the signing a Memorandum of Understanding
on Promoting the DFI with the Ministry of Production in
November (ref A), the Embassy has worked effectively with
both the Ministry of Production and the Ministry of
Communications to develop a game plan for the DFI. In
December, we established a working group of 9 individuals,
including two from the Embassy, two from the GOP, and the
General Managers of Voxiva Peru, Motorola, Hewlett Packard,
Cisco and Intel. This working group meets monthly to
discuss priorities for Peru, how to attract voluntary
services from U.S. and Peruvian companies, and how to best
implement DFI programs. We also established five smaller
groups to work with the government on promoting development
and regulatory change in the areas of software, hardware, e-
government, business models and telecommunications.

¶3. (SBU) The Peru DFI Working Group has determined that,
for 2006-2007, one of its top priorities is to assist the
Ministry of Communications with its plan to promote Internet
access in more than 1,000 rural areas. Guillermo Delgado,
General Manager of Voxiva, suggested that the Ministry of

Communications incorporate the Micro Telecommunications
Company (Microtelco) model under the Last Mile Initiative
(LMI) in its plans (Ref B). (Note: the Microtelco launched
under the USAID Last Mile Initiative has successfully
established a new local loop that provides
telecommunications and internet service to a rural area in
Junin, 100 miles outside of Lima. End Note.) The Ministry
is considering, and has requested technical assistance from
the DFI group with its endeavor. The Ministry of Production
has offered to sell computers at a discounted rate to future
Microtelcos under its PC Peru program.

¶4. (SBU) Delgado informed Econoff that his company is
looking to submit another Last Mile Initiative proposal to
USAID Washington. The first LMI microtelco in Junin began
operations in September 2005 and has been lauded by local
government officials for improving the area's
telecommunications infrastructure and provided opportunities
for those who were previously underserved. The Ambassador
and Minister of Production will be visiting the Microtelco
in April to inaugurate the site and speak with local
residents who have benefited from its existence.

¶5. (SBU) The DFI Working Group is also working with
several U.S. companies that have offered its services to
Peru. One company has offered to donate used computers; we
are currently researching Peru's customs regulations to
determine how much we will have to pay in taxes to import
the items.

Comment

¶6. (SBU) The Peruvian Government, as well as many U.S. and
Peruvian companies, agree that the expansion and use of
telecommunications services will foster economic and social
development in the rural areas of Peru. Our Working Group
has many ideas on how to move forward, but it will take some
time to for the group to establish itself and its
priorities. We expect that the improved public-private
partnership will lead to an increase in the number of DFI
programs in future years.

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